

## ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Replacement Rates - Supplemental Retirement

FROM:

A/ADD/Pers/EBS

EXTENSION

NO.

DATE

12 February 1986

TO: (Office  
building)

DATE

RECEIVED

FORWARDED

OFFICER'S  
INITIALSCOMMENTS (Number each comment to show from whom  
to whom. Draw a line across column after each comment.)

1.

DD/Pers/EBS

Bob,

2.

D/Pers

Attached are charts which reflect replacement rates for the supplemental retirement plan being worked out by Senate/House conferees. We have also attached the briefing book used on the Hill that show the effects of the Ford/Oakar, Roth/Stevens original proposals and our 1.3% accrual formula for CIARDS.

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Note the compromise plan provides over a 9% greater replacement rate than the 1.3% version for CIARDS-types and comes very close to the original Ford/Oakar plan. For regular Civil Service, the total replacement rates exceed the original Ford/Oakar plan at time of retirement--the change in the Thrift Plan formula accounts for this. The trade-off is a reduction in COLA protection.

We are, of course, available to discuss if you so desire.

cc: DD/Pers

## SPECIAL CATEGORIES

BASIC PROVISIONS

- ° Age 50 Retirement or 25 years service at any age
- ° 1.7% Accrual (1st 20 years); 1% (after 20) X years of service X high 3
- ° Supplemental annuity from Retirement to age 62
- ° Thrift Plan - Maximum 10% employee contribution: government contributes 1% even if no employee contributions, then matches in full up to 3% of any employee contribution and one half of next 2% of employee contributions (Max gov't contribution - 5%)
- ° Reduced COLA

CIARDS EMPLOYEES RETIRING AT AGE 50 WITH 25 YEARS OF SERVICEUNDER SPECIAL CATEGORY PROVISIONS

FINAL SALARY	<u>\$30,000</u>	<u>\$45,000</u>	<u>\$60,000</u>	<u>\$75,000</u>
REPLACEMENT RATE AT 50				
Pension Plan	37%	37%	37%	37%
Supplement	14%	10%	8%	6%
Gov't 1% to Thrift Plan	1%	1%	1%	1%
Total	52%	48%	46%	44%
Thrift Plan	9%	9%	9%	9%
Total*	61%	57%	55%	53%
Current CIARDS	47%	47%	47%	47%
REPLACEMENT RATE AT 62				
Pension Plan	33%	33%	33%	33%
OASDI	15%	11%	9%	7%
Thrift Plan	10%	10%	10%	10%
Total	58%	54%	52%	50%

\*Employee Contribution to Achieve Total:

Social Security	5.7%
Basic Pension Plan	1.8%
Thrift Plan	<u>5.0%</u>
TOTAL	12.5%

BASIC PROVISIONS

- ° Age 55 Retirement
- ° 1% accrual X years of service X high 3
- ° Supplemental Annuity from retirement to age 62
- ° Thrift Plan - Maximum 10% employee contribution: government contributes 1% even if no employee contribution, then matches in full up to 3% of any employee contributions and one half of next 2% of employee contributions (Max gov't contribution - 5%)
- ° Reduced COLA

AGENCY CSRS EMPLOYEES AGE 55 WITH 30 YEARS SERVICE

FINAL SALARY	<u>\$30,000</u>	<u>\$45,000</u>	<u>\$60,000</u>	<u>\$75,000</u>
REPLACEMENT RATE AT 55				
Pension	28%	28%	28%	28%
Supplement	16%	12%	9%	8%
Gov't 1% to Thrift Plan	1.6%	1.6%	1.6%	1.6%
Total	45.6%	41.6%	38.6%	37.6%
Thrift Plan	14.4%	14.4%	14.4%	14.4%
Total *	60%	56%	53%	52%
Current CSRS	53%	53%	53%	53%
REPLACEMENT RATE AT 62				
Pension	21%	21%	21%	21%
OASDI	17%	13%	10%	8%
Thrift Plan	16%	16%	16%	16%
Total	54%	50%	47%	45%

\* Employee Contribution to Achieve Total:  
     Social Security      5.7%  
     Basic Pension Plan   1.3%  
     Thrift Plan          5.0%  
                     TOTAL      12.0%

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RECON 85-34

08/19/85

# Treatment of Assets

## I. Transfer employee/employer contributions

STAT

Reflects usual procedure. Will start fund as though everyone transferred at once.

## II. Transfer employee/employer contributions with interest

STAT

Fund has earned interest on agency/employee contributions.

## III. Transfer nothing

Total assets in CSRS fund are less than present value of current annuities. If you don't take annuitants then don't take any money.

Board of Actuaries report(letter of 1/11/85)  
Valuation as of 9/30/82

STAT

Present value of current annuitant benefits

Static

Dynamic

Assets